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FAMILY & SOCIAL SERV. ADMIN
MEDICAID POLICY & PLANNING

September 5, 2008

Jeffrey M. Wells
Director
Office of Medicaid Policy and Planning

Dear Dr. Wells:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Family and Social Services Agency ("FSSA") Office of Medicaid Policy and Planning ("OMPP") and contained in LSA Document 08-325. The proposed rule amends various sections of 405 IAC 2 to make changes to conform to the Federal Deficit Reduction Act of 2005 and update eligibility standards with regard to assets, income, and resources. The rule also expands the definition of annuities. This rule affects insurance companies or other entities that offer annuities. The rule also may affect sole proprietorships that enter into personal service agreements. The OMPP estimates that three (3) of the 37 domestic life insurance companies that issue annuities may be small businesses as is defined under IC 4-22-2-28 and that two (2) of these small businesses may be affected by the expansion of the definition of an annuity. Finally, based on a review of personal service agreements that are received and reviewed by the OMPP, it is estimated that there may be fifty (50) such agreements executed state-wide.

Small businesses that sell annuities will not incur any direct costs as a result of the rule changes. However, they may experience a reduction in revenue if potential customers who are Medicaid applicants decide not to enter into an annuity agreement because of the potential impact it could have on their eligibility for Medicaid benefits. Individuals that enter into personal service agreements with Medicaid recipients may also see a reduction in revenue for this reason. However, by clarifying the rules governing personal service agreements with Medicaid recipients, the proposed role may actually be a resource to individuals (such as family members of a Medicaid recipient) who desire to enter into a personal services agreement without jeopardizing the other party's Medicaid

There is minimal to no increased cost from annual reporting, record keeping, or administrative costs for small businesses as a result of this rule. Any reporting is not likely to be a new requirement undertaken by individuals entering into these contracts, but now the agency is now expressly requiring these steps.

The impact statement prepared by FSSA indicates that while it is not possible to quantify the exact economic impact of the rule, it is anticipated to be little to none. The changes may actually help family members of applicants to better understand how they can enter into personal service agreements without negatively affecting an applicant's Medicaid eligibility. The IEDC does not object to the economic impact to small businesses associated with this proposed rule. If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,

Ryan L

Ryan Asberry
Assistant Vice President